



Department of State

EXCISE

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AN: D730025-0667

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NEA-06 EB-03 NSC-10 NSCE-00

CIAE-00 INR-10 NSAE-00 RSC-01 CIEP-02 PM-03 DODE-00

L-02 OMB-01 TRSE-00 SCEN-01 PRS-01 EUR-10 COME-00

OPIC-01 SCA-01 SCS-01 DRC-01 /073

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 0842

INFO AMEMBASSY BONN

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LINDIS

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: OIL NATIONALIZATIONS: QUESTIONS ABOUT THE FUTURE

1. ASSUMING THAT ONE OR MORE OF THE MAJORS IS OUT OF LIBYA IN THE NEAR FUTURE, WE CAN EXPECT LARG TO TRY TO OBTAIN SUBSTITUTE OPERATORS. IF THESE OPERATORS ARE MINOR CONCESSION-HOLDERS, THEY WILL APPARENTLY BE OFFERED ABOUT THE SAME TERMS AS OASIS. IF NOT, WE WOULD ASSUME THEY WOULD BE OFFERED DEALS TO ACT SOLELY AS SERVICE COMPANIES UNDER THE NOC. FINALLY THE NOC ITSELF MAY ATTEMPT TO OPERATE THE MAJORS' FIELDS AND PORTS BY USE OF A MASSIVE INTAKE OF EXPATRIATE PERSONNEL.

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY cf

DATE 12/12/02

RDS ☐ or XDS ☐ EXT. DATE 12/12/02

TS AUTH. REASON(S)

ENDORSE EXISTING MARKINGS ☒

DECLASSIFIED ☐ RELEASABLE ☐

RELEASE DENIED ☒ UNCLASSIFIED

PA or FOI EXEMPTIONS

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3. WE ARE NOT SURE WHETHER GRACE PETROLEUM HAS RECEIVED SIMILAR OFFER RE ESSO FACILITIES (LESS LNG LNT) BUT CAN SAY THEY APPEAR TO BE DEFINITELY

INTERESTED IN SUCH A DEAL, JUDGING FROM REMARKS TO US SEPT 13 BY VISITING VP McMILLAN. HIS BASIC IDEA WAS THAT [REDACTED] HE ASKED ABOUT SAFETY OF AMERICANS HERE, ETC. TOLD HIM ABOUT DIFFICULT CONDITIONS FOR AMERICANS BUT EMPHASIZED MAIN CONSIDERATION SHOULD AND PROBABLY WOULD BE INVESTMENT CLIMATE. IN OUR VIEW THE LAR IS NOT A COUNTRY WHERE ANY AMERICAN SHOULD BE ADVISED TO INVEST A NICKEL. ON TOP OF THAT, OPERATING PROBLEMS DUE TO COMMITTEE INTERFERENCE, BUREAUCRATIC HARASSMENT AND RCC WELCHING ON PREVIOUS AGREEMENTS, COULD ONLY BE DESCRIBED AS ALMOST IMPOSSIBLE EVEN FOR ESTABLISHED COMPANIES THAT KNOW THE ROPES. McMILLAN THANKED US FOR THE ADVICE [REDACTED]

[REDACTED]

4. DID NOT GET ONTO SUBJECT OF LEGAL PROBLEMS A COMPANY SUCH AS GRACE MIGHT ENCOUNTER BEFORE THE COURTS BY REPLACING A MAJOR HERE. ASSUME THAT USG SHOULD AS USUAL REMAIN ESSENTIALLY NEUTRAL IN A DISPUTE OR POTENTIAL DISPUTE BETWEEN TWO AMERICAN COMPANIES. [REDACTED]

[REDACTED] HOWEVER, WOULD WELCOME DEPT GUIDANCE OR REFINEMENT ON THIS MATTER, AS IT SEEMS LIKELY TO ARISE SOONER OR LATER IN PERHAPS SEVERAL SPECIFIC CASES. JOSIF

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